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FM AMEMBASSY BANGUI
TO RUEHC/SECSTATE WASHDC PRIORITY 1123
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RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHKH/AMEMBASSY KHARTOUM 0364
RUEHKG/AMEMBASSY KINSHASA 0377
RUEHLC/AMEMBASSY LIBREVILLE 0276
RUEHNJ/AMEMBASSY NDJAMENA 0565
RUEHFR/AMEMBASSY PARIS 0554
RUEHYD/AMEMBASSY YAOUNDE 0541
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UNCLAS SECTION 01 OF 02 BANGUI 000007

SENSITIVE
SIPDIS

DEPT FOR AF/C
FOR EB/IFD/OMA BRIANA SAUNDERS

E.O. 12958: N/A
TAGS: AID EAID ECON EFIN PREL CT
SUBJECT: CAR: IMPROVEMENTS IN BUDGET TRANSPARENCY EVIDENT

REF: A. A - 10 STATE 1923 AND PREVIOUS

¶B. REF: B - 09 BANGUI 204

¶11. (SBU) SUMMARY: This is a response to Ref A. The Central African Republic (CAR) made commendable strides to address budget transparency in 2009. Though there is still much ground to cover, the government, with the help of the international community, is making concerted efforts to increase its control of spending and precision of data. These improvements lead Post to support a waiver for the CAR in 2010. END SUMMARY.

¶12. (U) The following current programs fall under SFOAA regulations:

-- The U.S. Defense Attaché's Office occasionally sends Central African military officers to training through the International Military Education and Training Program. This training does not normally include a budgeting or fiscal component.

-- USAID funding of a USD 2.75 million Road Rehabilitation Project between the Central African towns of Bozoum and Bossangoa.

--USAID funding of a USD 2.5 million Property Rights and Artisanal Diamond Development (PRADD) project in support of Kimberley Process goals.

¶13. (U) The CARG publishes its annual budget each year. Copies are made available to interested citizens and observers, though a lack of resources prevents the Government from distributing the document widely.

¶14. (U) There have been no events in the last year that effected fiscal transparency.

¶15. (U) In 2009, the CARG adopted a number of measures to increase its budget's transparency as well as bringing revenues and expenditures under tighter control:

-- In 2009, the government closed 51 bank accounts managed by individual ministries in commercial banks and consolidated the accounts into a single treasury account in the Central African Regional Bank (BEAC). Customs receipts are directly transferred to BEAC as well.

-- Only the Director of the Treasury may now issue checks from the treasury.

-- All budget and treasury operations from 2007 and 2008 are being transferred to a computerized system that will be reviewed by both a Court of Account and the National Assembly. While there are some technical difficulties and institutional foot dragging, experts think this process will be completed by the end of 2010.

-- In January 2009, the government declaring assets of ministers and senior civil servants upon entry into office. Full compliance with the rule has been achieved. Unfortunately, it is not required that those same individuals make a declaration upon leaving office.

-- According to the World Bank, the government is adhering to EITI's criteria, having just published data from 2006.

¶6. (U) In September 2009, Post engaged the CARG on fiscal transparency (Ref B). DCM discussed the need for greater responsibility and accountability in the budget with senior officials at the Ministry of Foreign Affairs and Finance who agreed that while positive steps had been taken, there is still much work to do. On a separate occasion, the DCM renewed the USG's message to the CAR Minister of Commerce in a discussion about MCC eligibility.

¶7. (SBU) The CARG has made solid steps in 2009 and should be commended for doing so. The new engagements taken by the government have not closed all the loopholes, but they are

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building a foundation from virtually nothing when the government reengaged with the WB, IMF and other international organizations in 2005. There are still serious shortfalls in budget execution, controls on exactly how spending is carried out, and corruption outside of the budgetary process. This necessitates close monitoring by the international community and continued will by the CARG to curb excesses. Yet it remains Post's conviction that the Ministry of Finance is making positive steps toward increasing fiscal transparency and should be supported in its efforts by granting a waiver to the CAR for 2010.

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